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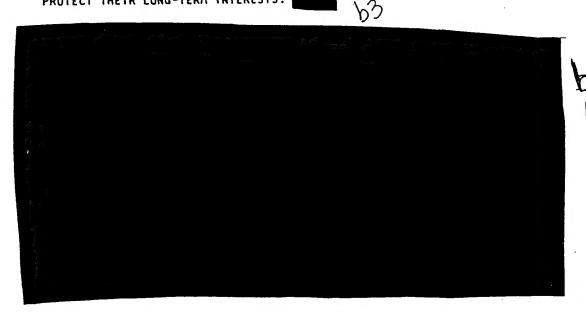
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CONSUMER CONFIDENCE. BUSINESS INVESTMENT REMAINED DEPRESSED, BUT

THE LATEST BUDGET IS TEMPORARY, AND THE FINAL VERSION WILL NOT BE PRESENTED UNTIL AFTER THE ELECTION IN MAY. THE BUDGET CALLS FOR CUTS IN INCOME TAX RATES AND REPAYMENT OF SOME GOVERNMENT DOMESTIC DEBT TO BOOST REAL INCOMES ERODED BY INFLATION. THE GOVERNMENT ALSO IN PROMISING AN AS YET UNSPECIFIED PAY HIKE FOR CIVIL SERVANTS-NEARLY A HALF OF ALL WHITES--FOR LATER IN THE YEAR.

SOUTH AFRICA WILL ASK TO PAY OFF ONLY SLIGHTLY MORE THAN THE 5 PERCENT OF OUTSTANDING DEBT. AS IT DIO THIS YEAR, INSTEAD OF THE 15 PERCENT THE CREDITORS WANT.

SOUTH AFRICA'S NEAR-TERM ECONOMIC PROSPECTS HAVE IMPROVED. BUT CONSUMER AND BUSINESS CONFIDENCE REMAIN SENSITIVE TO POLITICAL UNREST. PRETORIA'S CREDITORS ARE SATISFIED WITH THE BASIC STRUCTURE OF THE CURRENT DEBT ACCORD AND WILL PROBABLY AGREE TO KEEP DEBT REPAYMENT AT APPROXIMATELY THE CURRENT RATE, IN ORDER TO PROTECT THEIR CONG-TERM INTERESTS.



3. IN BRIEF

MIDDLE EAST

-- CHRISTIAN ADVISER TO LEBANESE PRESIDENT GEMAYEL RELEASED ON . APPARENTLY KIDNAPED BY HIZBALLAH FAMILY TO SWAP FOR KINSMAN HELD BY CHRISTIANS

MUJAHEDIN-E KHALK RESPONSIBLE FOR BOMBING IN MASHHAD THAT WOUNDED PRESIDENT KHAMENEI'S BROTHER AND FOR ASSASSINATION OF EDUCATION MINISTRY OFFICIAL . . . LEFTIST ORGANIZATION'S FIRST ATTACKS AGAINST OFFICIALS IN SEVERAL YEARS.

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